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WEEKLY REPORT



THE SITUATION IN SOUTH VIETNAM

16 March 1966

INTELLIGENCE AND REPORTING SUBCOMMITTEE OF THE INTERAGENCY
VIETNAM COORDINATING COMMITTEE

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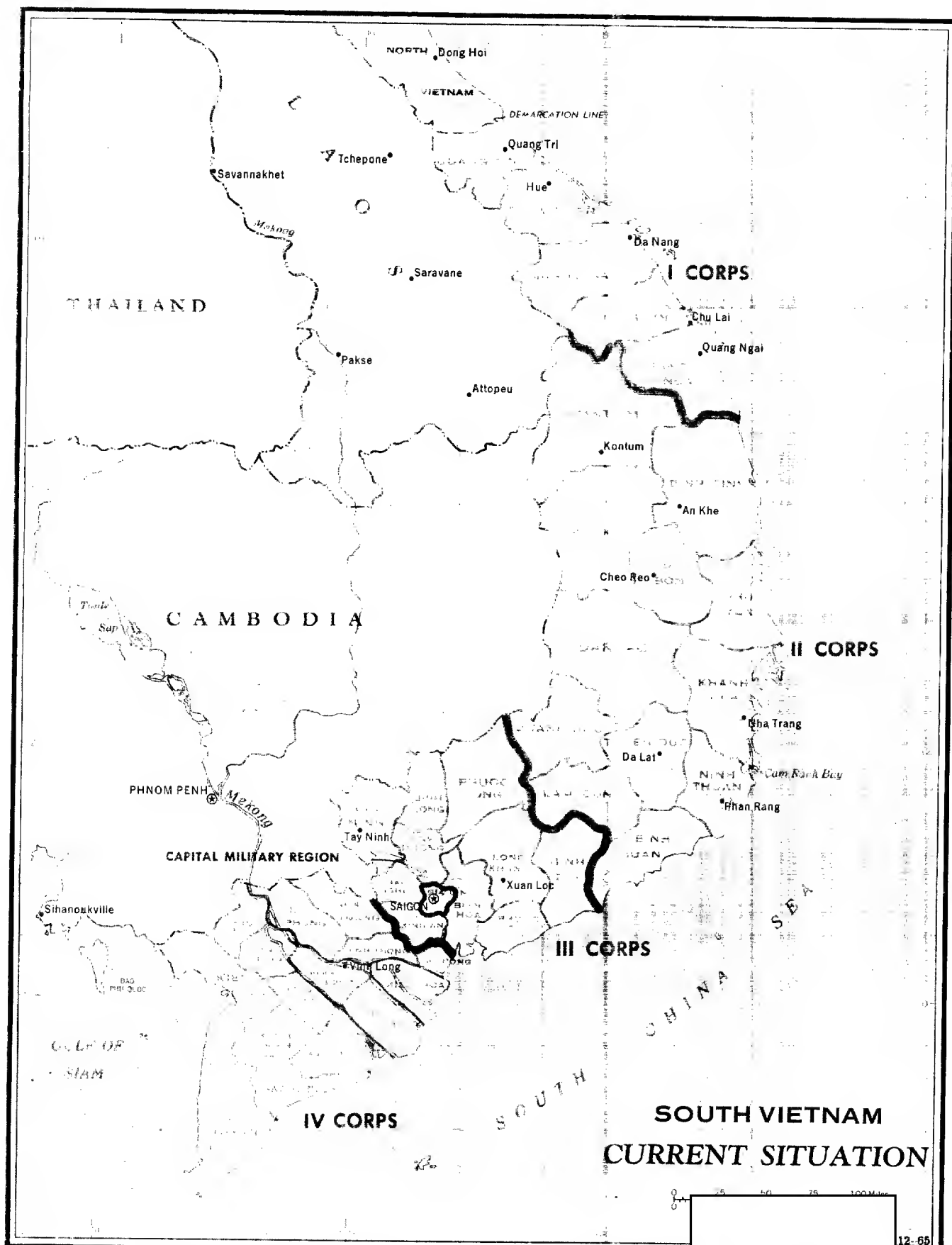
THE WEEK IN PERSPECTIVE

Premier Ky's initially smooth removal of I Corps commander General Thi is now posing increasing problems for the government. Although Thi is currently proving cooperative in attempting to quiet down protests in I Corps over the government's move, intervention by the Buddhists to foment demonstrations in support of their own demands may tax the government's ability to maintain control.

The over-all level of Communist-initiated activity declined slightly. Allied activity continued at a high level for the fifth week, with emphasis on search-and-destroy operations. The kill ratio favored Free World forces 7.3 to 1.

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I. THE SITUATION IN SOUTH VIETNAM

A. POLITICAL SITUATION

1. The Ky government's replacement of General Thi as commander of I Corps on 10 March has set off a wave of peaceful protests in all of the five provinces of the corps area. This activity now is increasingly taking on the character of a Buddhist-directed campaign against military rule which may jeopardize the viability of Ky's regime.

2. The initial focal point of political agitation on behalf of Thi was the city of Da Nang, where there have been daily public rallies and two almost totally effective general strikes by shopkeepers and workers. There has been evidence of considerable collusion by local officials and military officers owing their positions to Thi and by Nationalist Party (VNQDD) factions permitted to flourish under Thi's tutelage.

3. Unrest involving primarily students and low-ranking military troops spread rapidly to Hué, Hoi An, Tam Ky, Quang Ngai, and Quang Tri--the respective capitals of Thua Thien, Quang Nam, Quang Tin, Quang Ngai, and Quang Tri provinces. Most of this activity appeared in the form of school boycotts and small-scale meetings at which speakers challenged the government's motives in removing Thi and demanded his reinstatement. This protest activity was organized largely in the name of a "civil and military struggle committee for I Corps," although a student committee against corruption and in defense of the "revolution" also surfaced.

4. There is little evidence that the Buddhist hierarchy instigated the political activity in support of Thi, but Buddhist leaders have moved rapidly to exploit the situation. On 12 March, a communiqué was issued by Buddhist Institute chairman Tam Chau in Saigon, alerting the government to certain Buddhist demands in the interest of national unity. These included the reinstatement of all generals who served the 1 November 1963 "revolution," an obvious reference to the former Minh junta rather than to General Thi who was in exile at the time. The communiqué

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also called for an elected national assembly, more drastic social change, and, indirectly, for civilian rule.

5. There have been indications in recent months of increasing Buddhist dissatisfaction with the present government. Ky's recent cabinet reorganization, which increased Catholic representation, has tended to unite the rival Tam Chau and Tri Quang factions in a stronger opposition stand. The Buddhists had already been contemplating cautious demonstrations to protest the government's ineffectiveness in curbing inflationary pressure and its postponement of a genuine popular assembly through the device of a hand-picked advisory council "for building democracy." Although there is evidence that the Buddhists had come to disregard General Thi as a possible means for bringing about a government satisfactory to their interests, they appear to regard his ouster as a step toward the consolidation of power by generals they deem to be "reactionary," notably Catholic Chief of State General Thieu and Deputy Premier Co. This first open breach in the facade of military unity, moreover, may have convinced them that an opportunity was at hand which they could exploit in the hope of bringing about favorable government changes.

6. Premier Ky reportedly had received assurances that the Buddhists would not become openly involved on Thi's behalf, and that the trouble in I Corps would not be "too serious." The protest meetings of the past few days, however, particularly in Hué and now spreading to Saigon itself, are increasingly indicative of a Buddhist campaign in support of their four major demands. An orderly demonstration occurred in Hué on 16 March, involving 5,000-10,000 persons, who marched to the home of the Thua Thien Province chief to present a petition covering the four demands of the Buddhists. The first Buddhist-sponsored meeting was reported on 16 March in Saigon.

7. The Ky government, meanwhile, has reversed an early decision against allowing General Thi to appear in I Corps. Thi, who is still under orders to leave South Vietnam for temporary exile in a few days, was permitted to return to I Corps on 16 March after apparently agreeing to cooperate with Saigon in attempting to calm his supporters. Although there is some risk that he may try to seize the opportunity

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to rally support for himself [REDACTED]
[REDACTED] his public remarks so far have been genuinely directed toward urging the populace to accept his own removal and the central government's authority.

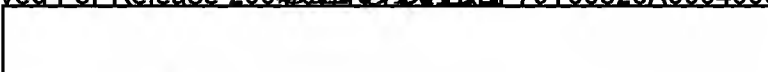
8. If Thi's cooperativeness sticks, there is a possibility that the government may be successful in undercutting its critics, including the Buddhists who privately maintain that they are not seeking the overthrow of Ky, but rather an end to military infighting and ineffectiveness. On the other hand, Buddhist intervention in the situation now may be sufficiently deep that continuing demonstrations in support of their demands can only be curbed by repressive measures or major concessions on the part of the government. The extent of Buddhist involvement with various political elements seeking to gain a foothold in the government is still unknown.

9. Premier Ky has for the most part indicated confidence that, by winning nearly unanimous endorsement of top military officers for his move against Thi and by obtaining Buddhist assurances that they did not oppose Thi's removal, he can keep the situation under control and emerge with his authority strengthened.

10. The new I Corps commander, General Nguyen Van Chuan, has been given authority to use any measures needed to curb unrest, but has taken the line that, in the absence of disorders, he does not intend to interfere with protest activity. Chuan told a US consular officer that he regarded the increasingly pro-Buddhist character of the protests as a cause for concern, but that any decisive steps to curb Buddhist political activity should be taken first in Saigon, not I Corps.

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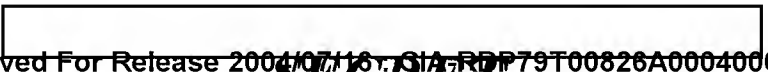
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11. On 15 March, the government executed an overseas Chinese importer recently convicted of "economic crimes" after rejecting his appeal for clemency. The execution was obviously designed to demonstrate to the Vietnamese public the Ky regime's determination to crack down on corruption and to deter the more blatant forms of speculation and profiteering by business elements. In an effort to prevent any charges of a vendetta against the Chinese community and to demonstrate toughness toward official venality, the new special court simultaneously ordered the death sentence for a former government treasurer from the resort town of Dalat, who confessed to embezzlement of public funds. This execution will almost certainly also be carried out. Although unlikely to have more than a temporary deterring effect on corruption, the executions may lead to increasing uncooperativeness and capital flight on the part of the Chinese commercial interests.

Economic Situation

12. Minister of Economy Thanh is elated over the favorable press reaction to his proposal on 7 March for an annual foreign exchange tax of five million piasters. Proposals to raise the rates of several taxes (e.g., petroleum, automobiles, property rentals) have already been drawn up and are awaiting final approval by Thanh. In the meantime, Thanh, apparently under pressure from Premier Ky, has given his approval for US experts to work with the Ministry of Finance in drafting a number of other more significant tax proposals. US advisers will recommend that tax increases be adopted which will raise tax receipts to an annual level of 30 billion piasters during 1966. The key elements in the implementation of the program will be the participation of US officials within the GVN customs system, rapid clearance through the ports of the great volume of imports, and the determination of Minister Thanh to collect noncustoms taxes and back taxes in full. Other key elements of the Honolulu economic agreements which have been or are being carried out are: the release of GVN foreign exchange for imports, the appointment of a port director with increased authority, establishment of security stockpiles, and review of import procedures. Still under discussion are an import deposit system and the revocation of ninety-day customs credit.



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13. Rice deliveries from the Mekong delta to Saigon have been at a nine-year low since the beginning of 1966. Rice prices have risen almost 20 percent above the price levels at the end of December 1965, and almost no rice has been sold to the government at its price of VN \$720 per 100 kilos. In an effort to maintain the consumer price of rice at a moderate level and to maximize rice deliveries from the delta to Saigon, counterpart funds will be used to subsidize the price of imported rice at VN \$830 per 100 kilos. Moreover, government purchases in the delta will be resumed in approximately one month at a price slightly less than VN \$800, but considerably higher than the current government price of VN \$720.

14. The new Thi Du steam power plant will be officially opened about 15 April. This 33 MW plant, which will raise the Saigon capital district generating capacity to 86 MW, is expected to eliminate the power shortage caused by Viet Cong attacks in May 1965 on power lines from near Dalat to the capital area. On 11 March, an agreement was signed for the design and installation of a 3,000-kilowatt power plant to serve some 25,000 farm families in An Giang Province in the southwestern delta area, a priority area selected by the GVN for its pacification efforts in 1966. Electricity will be supplied to the An Giang rural cooperative at cost. Two other pilot cooperatives are in the planning stage. One is in the central highlands and another in the growing industrial complex of Bien Hoa, a priority area about 40 miles north of Saigon.

15. Retail prices in Saigon showed little change from the previous week. USAID Retail Price Index was approximately one percent above a month ago. Prices of imported commodities continued to fall, apparently as a result of the government's recent actions against profiteering. Retail prices of fish and vegetables dropped but were offset by higher prices for beef, Nuoc Mam, charcoal, and firewood.

16. The blackmarket rate for dollars increased by three piasters to 173 and the blackmarket rate of gold by two piasters to 235. In each case, this was the highest price thus far in 1966 although lower than the all-time highs of October 1965. MPCs (scrip) rose one piaster to 119 per dollar. In Hong Kong, the piaster-dollar cross rate was unchanged at 159.

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B. MILITARY SITUATION

1. The over-all level of Communist-initiated activity for the week ending 12 March declined slightly.

2. During the period there were 686 Communist-initiated incidents compared with the previous week's 733--less than the weekly average for the last half of 1965 and that of 1966. There were 10 attacks (all but three were small-scale) and 466 incidents of terror compared to 13 and 445 respectively for the week before. The large-scale attacks occurred in Thua Thien, Binh Dinh, and Binh Duong provinces. The kill ratio favored Free World forces 7.3 to 1, up from 5.9 to 1. Viet Cong casualties included 1,224 killed and 106 captured. The preceding week's totals were 1,622 killed and 193 captured. South Vietnamese casualties for the reporting period were 131 killed, 362 wounded and 42 missing or captured--a total of 535 compared to the last report of 684. Total US casualties decreased to 319 from the 665 of the previous week; total third country casualties dropped from 49 to 22. The South Vietnamese lost 139 weapons and captured 234 from the Communists; enemy losses included 10 crew-served weapons, while friendly forces lost two.

	<u>KIA</u>	<u>WIA</u>	<u>MIA/Captured</u>	<u>Total Casualties</u>
US	33	272	14	319
ARVN	131	362	42	535
Third Country	4	18	0	22
Viet Cong	1,224	---	106	1,330

GVN/Allied Activities

3. Friendly activity continued at a high level for the fifth week with emphasis on search-and-destroy operations. Small-unit operations increased while battalion operations and enemy contacts decreased.

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4. I Corps continued to be the focal point of attention as a result of the highly significant victory won by ARVN and US forces in Quang Ngai Province, as well as a defeat suffered as a result of an attack on A Shau Special Forces Camp in Thua Thien Province. Friendly activity was highlighted by the results of the combined Operation [REDACTED] in Quang Ngai Province. USMC, ARVN 2d Division, and airborne troops trapped the PAVN 21st Regiment in well-prepared positions in the valley area 15 kilometers northwest of Quang Ngai City. Friendly forces lost 115 (83 US) killed and 340 (204 US) wounded. The Viet Cong, in their attempt to take control of the rice harvest, lost 532 killed, 24 captured, and 43 suspects detained. They also lost 59 individual and 11 crew-served weapons. The ARVN 1st Division continued Operation [REDACTED] in Thua Thien Province until 6 March although USMC forces (Operation [REDACTED]) were withdrawn on 3 March. Viet Cong losses were 310 killed, 41 captured, 38 suspects detained, and 11 ralliers returned. In addition, the enemy lost 124 individual and 18 crew-served weapons.

5. In II Corps on 6 March, the large-scale US/ROK/ARVN Operation [REDACTED] in Binh Dinh Province terminated. Total friendly losses since the operation's beginning on 24 January were 384 killed (245 US, 129 ARVN, 10 ROK), 1,259 wounded (876 US, 359 ARVN, 24 ROK), and 12 missing (6 US, 6 ARVN). The Viet Cong sustained losses of 2,389 killed, 701 captured, 2,184 suspects detained, 11 returned ralliers, 313 individual weapons, 66 crew-served weapons and a large quantity of ammunition and documents. Operation [REDACTED] being conducted by the 1st Brigade, US 101st Airborne Division, continues in Phu Yen Province. Cumulative results are 32 US killed, 135 wounded, and two missing. The Viet Cong forces have lost 218 killed, 12 captured, 63 individual and eight crew-served weapons. RVNAF Marines conducting pacification operations in the northern coastal area of Binh Dinh Province suffered seven killed and 30 wounded. The Viet Cong sustained losses of 31 killed, 17 individual and three crew-served weapons.

6. In III Corps, the US 1st Infantry Division terminated Operation [REDACTED] on 6 March. Final

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results were 15 US killed and 15 wounded; Viet Cong losses were 199 killed, 10 captured, 15 individual and four crew-served weapons plus a quantity of ammunition. On 7 March, combined US/ARVN Operation [redacted] was initiated in Long Khanh Province. To date no significant contact with the Viet Cong has been made.

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7. Only one friendly operation in IV Corps (Operation [redacted]) produced significant results. In Ba Xuyen Province a regional force company and one popular force platoon engaged a Viet Cong local force company. Friendly forces lost five killed and nine wounded while the Viet Cong suffered 37 killed, one captured, and the loss of seven individual weapons.

8. Free World forces conducted 100 battalion or larger-size operations during the week, 36 of them achieving contact--27 RVN, two ROK, and seven US. There were 22,733 small-unit operations, including 2,834 conducted by US forces. Of the 144 which achieved contact with the enemy, 101 were conducted by US units.

9. There were eight B-52 Stratofortress missions flown over South Vietnam during the period 7 to 13 March 1966; ground exploitation was scheduled for three of these missions. No bomb damage assessment has been received. During the period 4-10 March 1966 a total of 3,425 tactical air strikes and armed reconnaissance sorties was flown by the combined efforts of the US Navy, Air Force, Marine and VNAF aircraft. In addition to close air support, direct air support and interdiction missions in support of ground operations, the following damage was inflicted: 2,536 structures, 152 sampans, three bunkers, two rice storage areas, one AW site and one radio relay station were destroyed; 1,956 structures, 90 sampans, three bunkers and one rice storage area were damaged. In addition, there were five road cuts made, one cave sealed and 63 secondary explosions observed. Three US aircraft were reported lost, one marine and two air force. The fate of the crew of the marine F4 is unknown; the pilot of the air force A1 was rescued; three crew members of the AC-47 were rescued and one is missing, while the pilot and copilot were killed.

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Communist Activity

10. Communist activity decreased in I Corps area from that of last week although there was a multi-battalion attack on the A Shau Special Forces Camp, in western Thua Thien Province on 9 March. After two days of heavy fighting, the camp was abandoned to the enemy. Of the camp's 17-man Special Forces Team, five were killed and 12 were wounded and evacuated. Four crew members of a downed AC-47 were killed and the remaining three rescued. Of the 370 Vietnamese military personnel and 37 civilians at the camp, 172 were evacuated. During the attack one USAF AC-47, one USAF A1E Sky-raider, and three USMC H-34 Choctaw helicopters were lost.

11. In II Corps, an estimated Viet Cong battalion attacked the command post of the 3d RVNAF Marine Battalion in Binh Dinh Province. Friendly and enemy losses were not reported. The incident rate continues to drop in II Corps with 103 reported during the week.

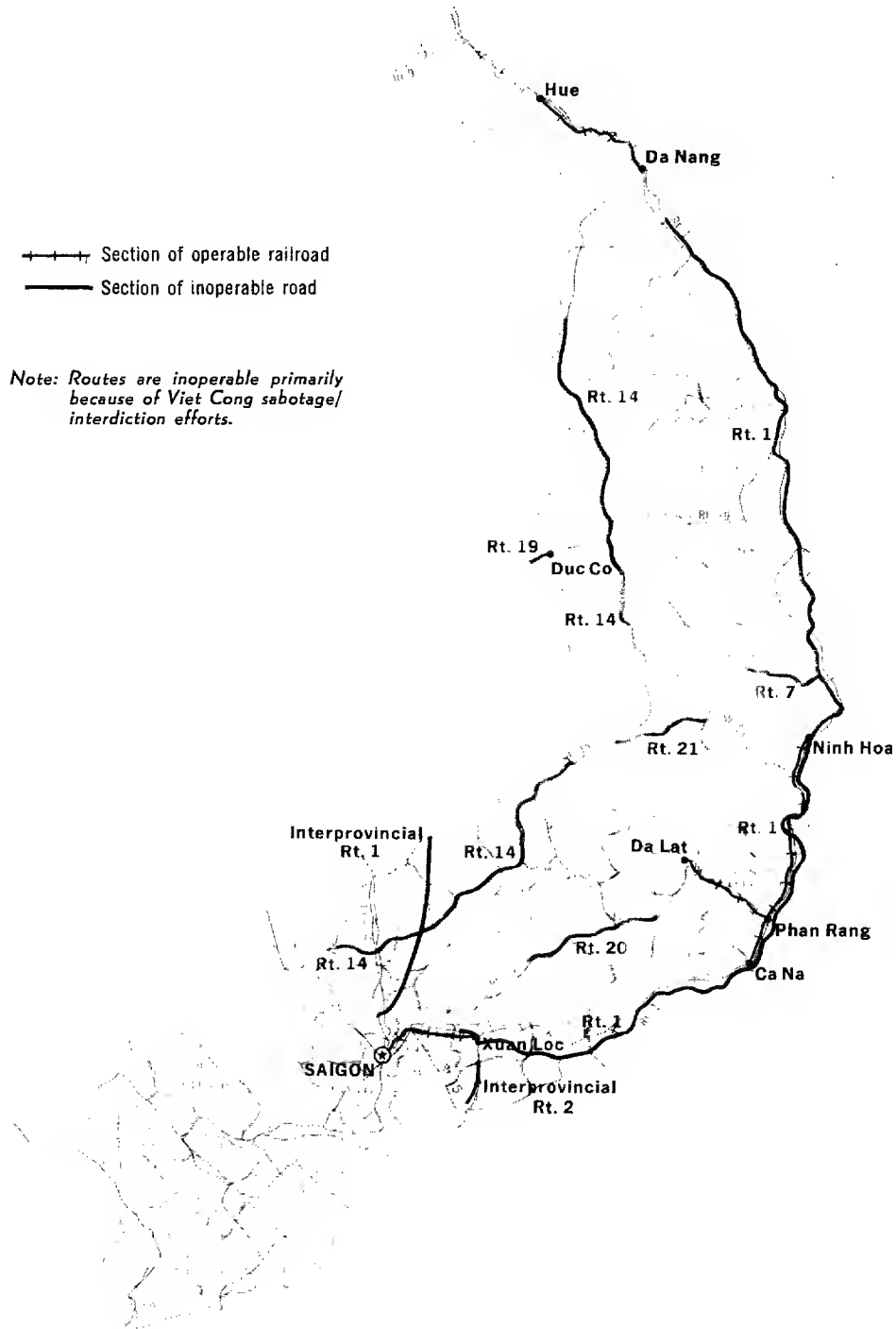
12. There was a definite increase of enemy activity in III Corps, with the 166 incidents almost doubling the number of the previous week. On 6 March, a Viet Cong force of unknown strength overran Long Thuong outpost in Long An Province. On 7 March, an unidentified Viet Cong force (considered by MACV as possible elements of the 165A, 271st or 273d Viet Cong regiments), attacked the 4th Battalion, 48th ARVN Regiment at Tan Uyen, Binh Duong Province. The attacking force used 81-mm. mortars, 57-mm. and 75-mm. recoilless rifles, and small arms. No losses were reported.

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CURRENT OPERATIONAL STATUS OF MAJOR TRANSPORTATION ROUTES AND COASTAL RAILROAD



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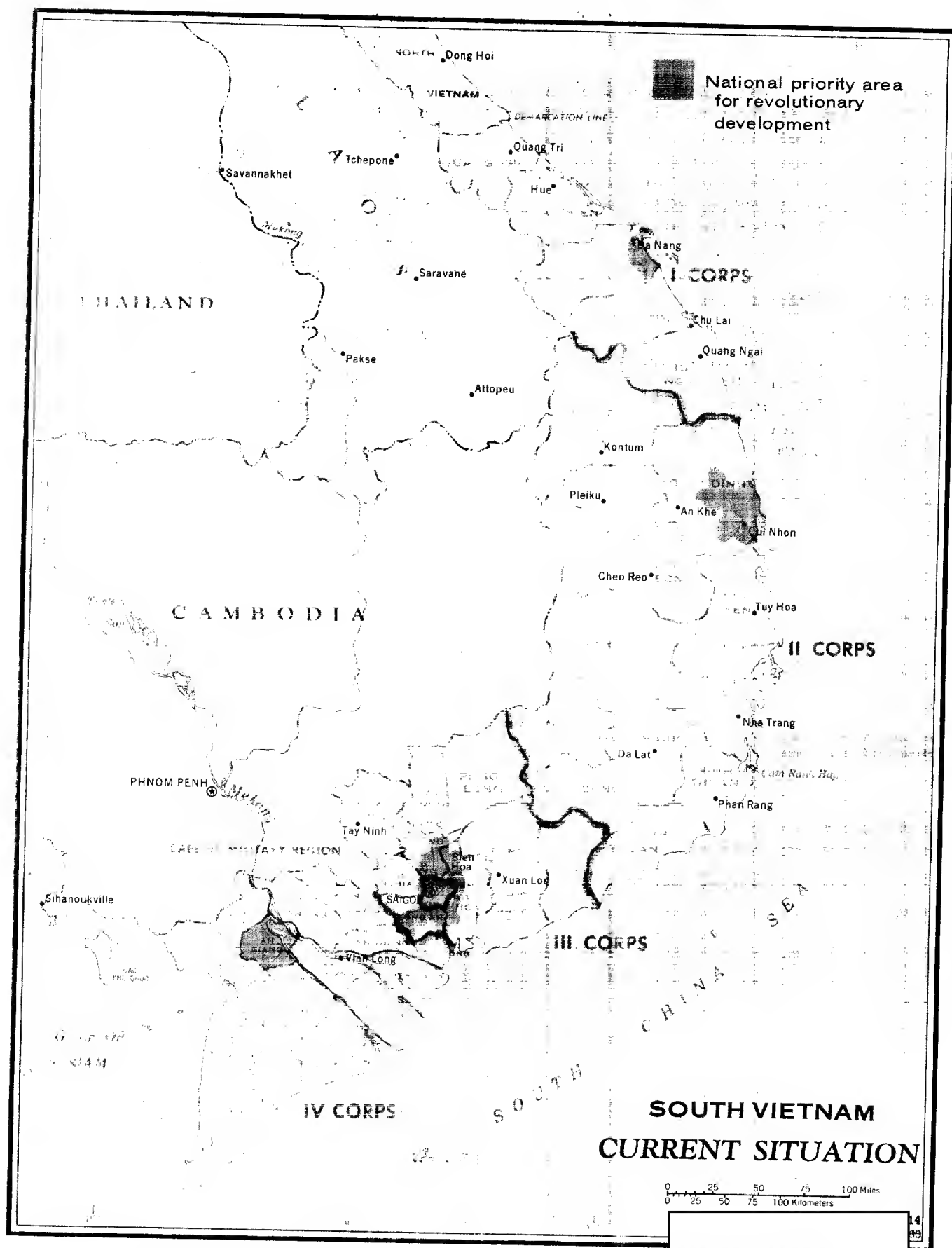
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14. National Route 1 is closed in Quang Tin, Quang Ngai, Binh Dinh, Phu Yen, Khanh Hoa, Ninh Thuan, Binh Thuan, Binh Tuy, and Long Khanh provinces. Route 14 is closed in Kontum, Pleiku, Quang Duc, Phuoc Long, and Binh Long provinces. Route 19 is closed west of Duc Co, Pleiku Province. Route 7 is closed in Phu Yen Province. Interprovincial Route 1 is closed in Binh Duong and Phuoc Long provinces. Interprovincial Route 2 is closed in Phuoc Tuy.

15. The National Railroad is operating between Saigon and Xuan Loc, Long Khanh Province; between Ninh Thuan Province (border) and Ninh Hoa, Khanh Hoa Province; between Dalat and Phan Rang, Ninh Thuan Province; and between Da Nang, Quang Nam Province, and Hue, Thua Thien Province.

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C. REVOLUTIONARY DEVELOPMENT

1. While the first class of revolutionary development cadre undergoes an intensive 13-week training program, US mission and GVN officials continue to examine points raised at the Honolulu conference. Minister for Revolutionary Development General Nguyen Duc Thang has listed the following six general areas for improvement: agriculture, handicraft and light cottage industries, land reform, rural electrification, construction materials, and training of village officials. It has not been specified how the GVN officials will measure the progress of the revolutionary development groups. General Thang has, however, approved the establishment of an inspection corps made up of nine seven-man teams, five for the central revolutionary development council and one for each corps council. The Thu Duc officers candidate school will provide most of the personnel, except for the two civilian members on each seven-man team.

2. Each province will have a revolutionary development council and a 15-man cadre control staff. They will be subordinate to the province chief, who, in turn, will report to the division commander. General Nguyen Huu Co and General Thang have assured the Honolulu conferees that necessary forces will be available to support the pacification effort since it now is the primary mission of the division commander. It remains to be seen how this critical issue of security for the revolutionary development cadre will be resolved. In the past, division and corps commanders have tended to use their troops for nonpacification purposes in the case of any conflict of interest.

3. The province chief, nearly always a military officer, will continue to be the key GVN official in the implementation of the revolutionary development program. Provincial revolutionary development representatives fear that the control staff will be composed of persons not familiar with the program. They feel the staff should report to the provincial revolutionary development director rather than the province chief.

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asures for tangible progress will start to develop about May and will be most noticeable at the time of the next Honolulu conference this summer. They have also stated unofficially that VC strategy is to apply military and psychological pressures on the four national priority areas (see map). VC terrorist activity against effective civilian programs is evidenced by the murder of three new-life hamlet workers on the outskirts of Saigon. On 11 March, the VC attacked the Vung Tau national cadre training center with mortars, grenades and small arms, killing one Peoples Action Team (PAT) trainee and seriously wounding 5 others. Theoreticians in official VC journals chide workers to sharpen the political struggle in order to obviate the GVN rural pacification and resettlement plan.

5. A review of the rice harvest protection operation undertaken in Phu Yen Province on 24 January, and still continuing, reveals demonstrative gains. A three-district area around Tuy Hoa, the provincial capital, has been denied to the VC, who have depended on it for 10,000 metric tons of rice annually. The rate of Chieu Hoi returnees is increasing and the VC are hampered by food shortages. National police, rural cadres and Peoples Action Teams now are engaged in pacification efforts in preparation for the resettlement of 30,000 refugees in their home villages. MACV reports that the VC still control 80 percent of the hamlets in Phu Yen, and that the Communists have effectively impeded the new-life hamlet program there. A captured document, passed down from VC Military Region V, reveals that the Viet Cong had begun a campaign in late 1964 for control of the rice-producing lowlands of Phu Yen.

6. Returnees (Chieu Hoi). The February total of 2,011 returnees surpassed the previous high of 1,672 for January. Approximately 40 percent of the returnees came from Binh Dinh, Phu Yen, and Tay Ninh provinces, where significant military actions have taken place recently. The State Secretariat for

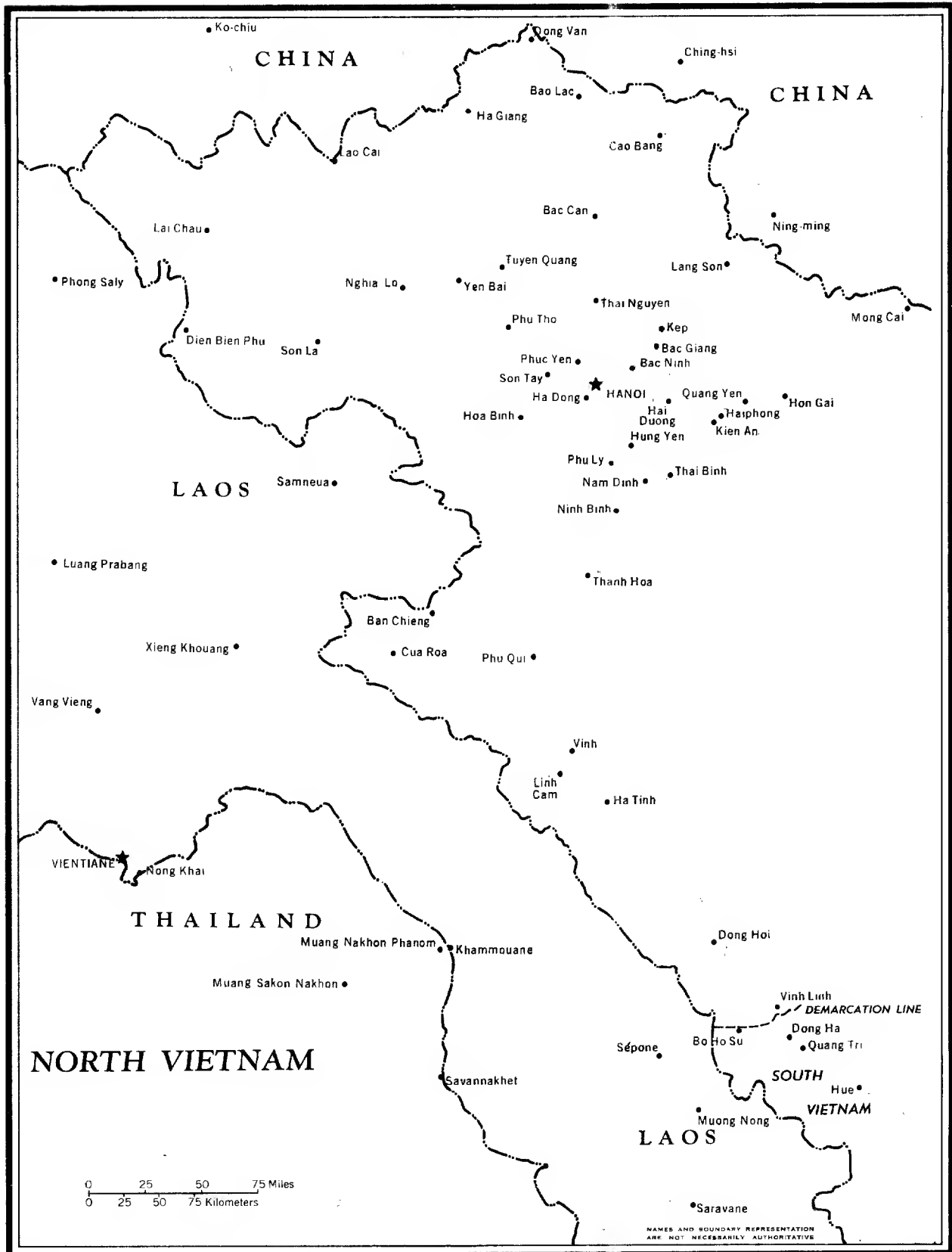
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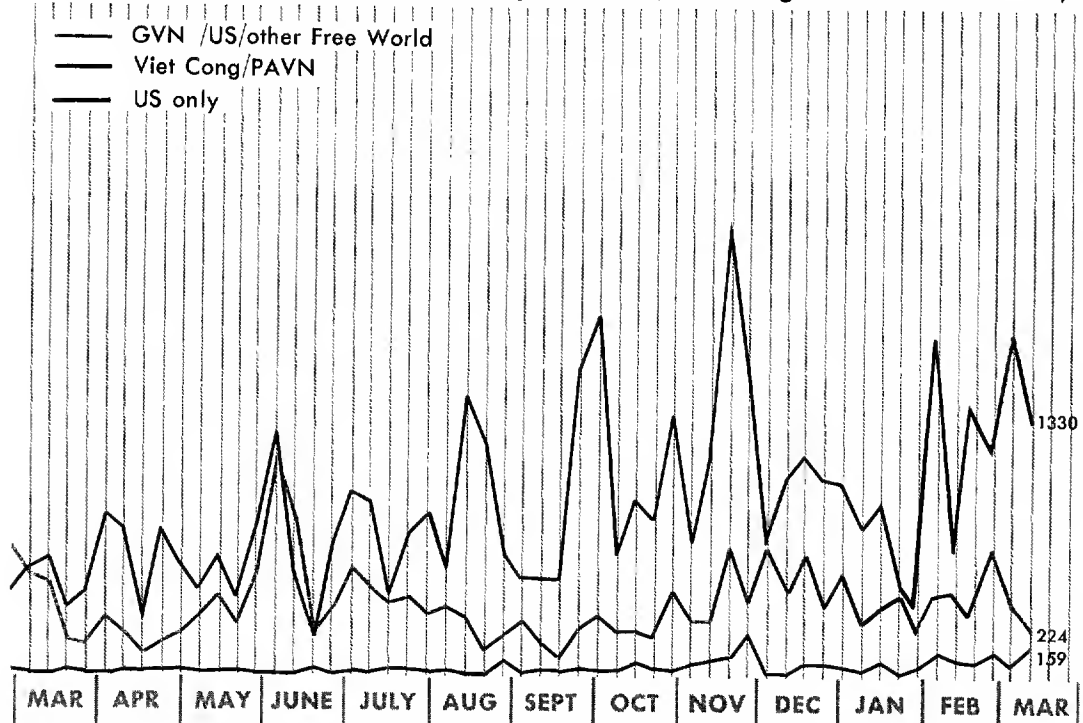
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SOUTH VIETNAM BATTLE STATISTICS

5 - 12 MARCH 1966

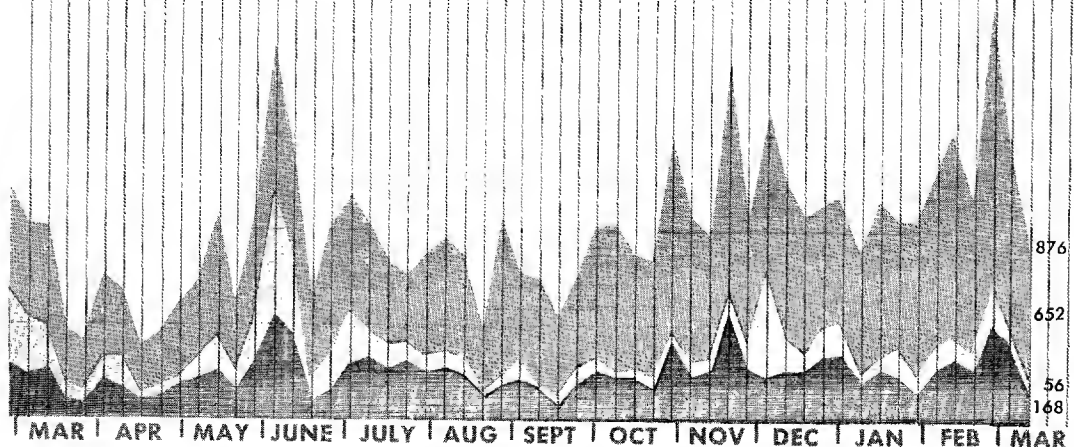
Total Personnel Losses

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(Killed in Action, Captured or Missing in Action, excluding Wounded in Action)

US Combat Casualties in Vietnam (including North Vietnam)

	Fatalities	Non-fatal Wounds	Captured	Missing
Cumulative, 1961-1964	255	1524	10	12
Cumulative, 1965	1365	6110	15	136
Cumulative, 1966 to date	877	4461	6	24
TOTAL	2497	12095	31	172



Total Friendly Forces Personnel Losses (US/GVN/Other Free World)

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■ Killed in action

□ Missing

□ Captured

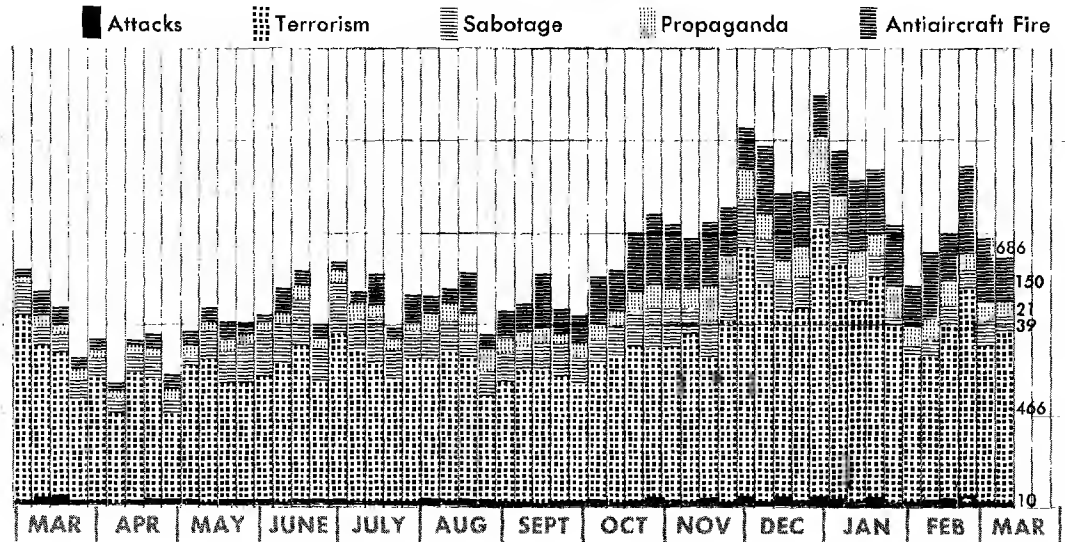
SOUTH VIETNAM BATTLE STATISTICS

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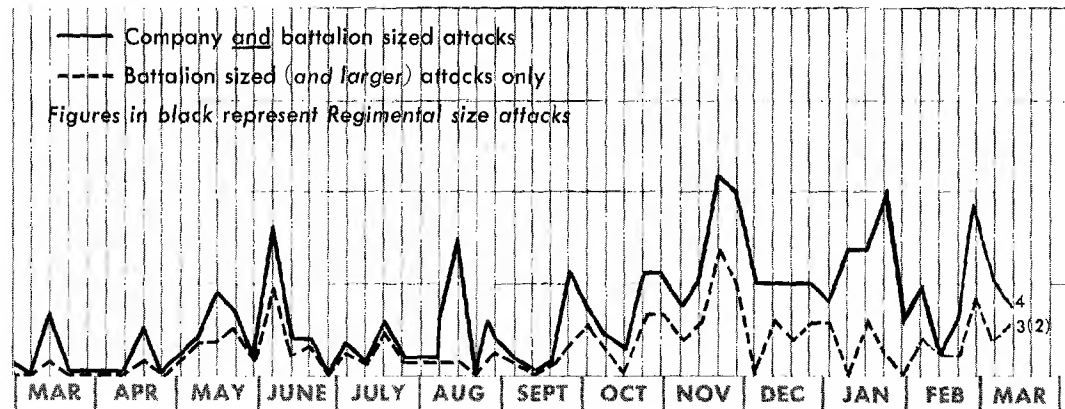
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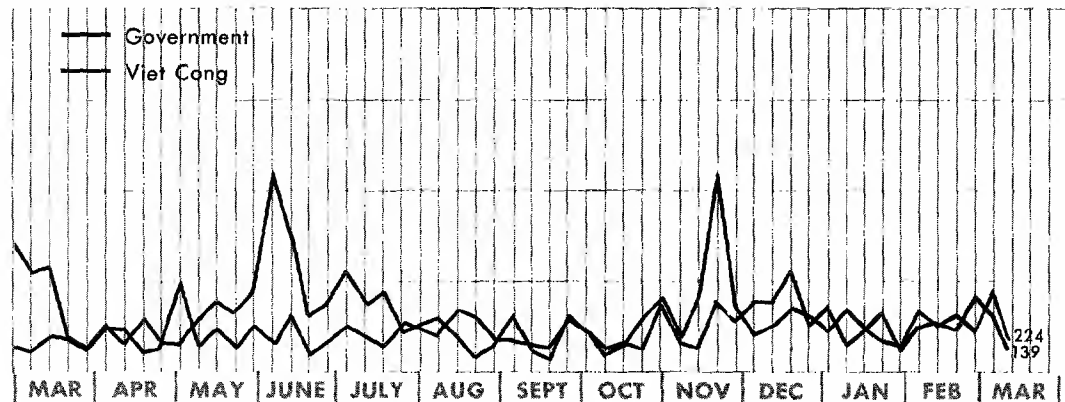
Viet Cong Incidents



Viet Cong Attacks



Weapons Losses



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